



Property Tax Deductions

Department of Local Government Finance

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Outline

- Exemptions, Deductions and Credits
- Homestead Verification Form
- New Legislation
- Additional Reminders



Exemptions, Deductions and Credits...Oh My!

- **Exemption** = property is not taxable
 - Churches, Charitable Organizations, etc.
 - IC 6-1.1-10; IC 6-1.1-11
- **Deduction** = reduces the taxable assessed value of a property by a fixed dollar amount
 - Homestead, Mortgage, Over 65, Disabled Veteran, etc.
 - IC 6-1.1-12
- **Credit** = reduce the net tax bill by a designated percentage or prevent a tax bill from exceeding a certain percentage
 - Circuit Breaker, Over 65, LOIT Homestead



Exemptions

- Application must be filed on or before May 15th of the assessment year with the county assessor.
 - May 15, 2011 for the 2011-pay-2012 property taxes
- Must be re-filed every even year unless:
 - The exempt property is owned, occupied and used for educational, literary, scientific, religious or charitable purposes
 - The property continues to meet the requirements of IC 6-1.1-10-16 or IC 6-1.1-10-21
 - An application was properly filed at least once in accordance with these statutes
- Exemption is valid after change in ownership if the property continues to meet the requirements under IC 6-1.1-10-16 or IC 6-1.1-10-21



Deductions for Real Property

- Application must be completed and dated by December 31 and filed on or before January 5 of the immediately succeeding calendar year.
 - Completed and dated by December 31, 2011 and filed on or before January 5, 2012 for 2011-pay-2012 property taxes
- Homestead Standard Deduction is always applied first, followed by Homestead Supplemental Deduction. Remaining deductions may be applied in any order.



Deductions for Personal Property Mobile Homes

- Application must be filed during the 12 months before March 31 of the year the applicant wishes to receive the deduction.
 - Before March 31, 2012 for 2012-pay-2012 property taxes.
- Sum of all deductions provided may not exceed 50% of the assessed value of the home.
 - Only exception is the Homestead Supplemental Deduction
 - All **credits** may be applied outside of this limitation



Credits

- **Circuit Breaker Cap Credit**
 - To receive the 1% cap, the taxpayer must apply for and be eligible to receive the homestead deductions. Separate application not required for credit.
- **LOIT Homestead Credit**
 - Taxpayer must apply for and be eligible to receive the homestead deductions. Separate application not required for credit.
- **Other LOIT Credits**
 - Automatically applied to eligible property. Separate application not required for credit.
- **Over 65 Circuit Breaker Credit**
 - Application required. Same deadlines as those for deductions.



Homestead Verification Form

- The form may be returned by mail.
- Identification from **ANY** state may be provided.
- The form must be returned at least once by **January 1, 2013** or the homestead may be removed from the 2012 pay 2013 property taxes.
- There is no penalty for failure to return the form in either 2010 or 2011.
- A homestead verification form is not required for new homestead applicants as the required information is provided on the initial application now.



NEW LEGISLATION



Homesteads & Married Couples w/ Separate Residences

- HEA 1004-2011 added IC 6-1.1-12-37(n)
- Effective retroactive to March 1, 2011
- Individual may not be denied the homestead deduction if
 - individual's spouse owns property located outside Indiana
 - Individual files required affidavit with the county auditor



Homesteads & Married Couples w/ Separate Residences

- Affidavit must contain the following information:
 - The names of the county and state in which the individual's spouse claims a deduction substantially similar to the homestead standard deduction
 - A statement made under penalties of perjury that the following are true:
 - The individual and the individual's spouse maintain separate principal places of residence;
 - Neither the individual nor the individual's spouse has an ownership interest in the other's principal place of residence; and
 - Neither the individual nor the individual's spouse has, for that same year, claimed a homestead standard deduction or substantially similar deduction for any other property other than the property maintained as a principal place of residence by the respective individuals



Homesteads & Notice of Ineligibility

- HEA 1004-2011 added IC 6-1.1-12-37(o)
- Effective retroactive to March 1, 2011
- If county auditor determines applicant is not eligible for the homestead standard deduction, auditor shall inform the property owner in writing.



Wind Power Device Deduction

- SEA 481-2011 amended IC 6-1.1-12-29
- Effective retroactive to January 1, 2010
- “Wind Power Device” defined:
 - Device, such as a windmill or wind turbine, that is designed to utilize the kinetic energy of moving air to provide mechanical energy or to produce electricity.
- Excluded from that definition:
 - Device **owned or operated by a public utility (as defined by IC 8-12-2-1(a)) or another entity that provides electricity at wholesale or retail for consideration**, other than a person who participates in a net metering program offered by an electric utility.



Exempt Property & Deduction “Carry Over”

- HEA 1004-2011 added IC 6-1.1-12-46
- Applies to real property for assessment date in 2011 or later if:
 - The real property is not exempt from property taxation for the assessment date
 - Title to the real property is transferred after the assessment date and on or before the December 31 that next succeeds the assessment date
 - The transferee of the real property applies for an exemption under IC 6-1.1-11 for the next succeeding assessment date
 - The county PTABOA determines the real property is exempt from property taxation for the next succeeding assessment date
- For the non-exempt assessment date, any deductions and related credits for which the transferor was eligible shall be applied to the property.



Residence in Inventory Deduction

- HEA 1046-2011 added IC 6-1.1-12.8
- Effective July 1, 2011; beginning 2012-pay-2013 taxes
- 50% AV deduction for residence in inventory
 - “Residence in inventory” means real property that:
 - Is not a model residence;
 - Has never been occupied; and
 - Is a single family residence, townhouse, or condominium unit
 - Property owner is entitled to not more than 3 deductions for residence in inventory
 - Deduction available for a particular residence for not more than 4 assessment dates



REMINDERS



Assessed Value Limitations

- Over 65 Deduction
 - AV of entire parcel where qualifying individual resides cannot exceed **\$182,430**
- Over 65 Circuit Breaker Credit
 - AV of homestead property only cannot exceed **\$160,000**
- Disabled Veteran Deduction (Code 1 & Code 3)
 - AV of all tangible property owned by the veteran cannot exceed **\$143,160**



Income Limitations

- Over 65 Deduction
 - **Combined Adjusted Gross Income** of the individual and the individual's spouse or all other individuals who share ownership as joint tenants or tenants in common cannot exceed **\$25,000**
- Over 65 Circuit Breaker Credit
 - **Adjusted Gross Income** of the individual may not exceed **\$30,000**.
 - **Combined Adjusted Gross Income** of the individual and his or her spouse may not exceed **\$40,000**.
- Blind/Disabled Deduction
 - Qualifying individual's **Taxable Gross Income** cannot exceed **\$17,000**.



Disabled Veteran Deductions

- Disabled Veteran Deduction
 - IC 6-1.1-12-14; 15
 - Assessed Value Limitation Involved
 - Also known as “Code 1”
 - Maximum Deduction Amount \$12,480
- Veteran with Service Connected Disability Deduction
 - IC 6-1.1-12-13: 15
 - No Assessed Value Limitation Involved
 - Also known as “Code 2”
 - Maximum Deduction Amount \$24,960
- “Code 3” is a combination of the above two deductions



Surviving Spouses

■ Over 65 Deduction

- Must remain unmarried after death of spouse
- Must be at least 60 years of age
- Surviving Spouse must satisfy all other eligibility requirements (income, assessed value, residency) to receive deduction

■ Disabled Veteran Deductions

- No marriage or age requirements
- Surviving Spouse of an individual may receive the deduction, if the individual would qualify for the deduction if he or she were alive.



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